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RUEHTU/AMEMBASSY TUNIS PRIORITY 6862
RUCNDT/USMISSION USUN NEW YORK PRIORITY 8916
RUEHJI/AMCONSUL JEDDAH PRIORITY 1688
RUEHJM/AMCONSUL JERUSALEM PRIORITY 2549
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RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 001783

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

HaQaretz reported that yesterday, during a visit to MaQaleh Adumim, Interior Minister and Shas Party Chairman Eli Yishai publicly urged the government to finally build the controversial E-1 neighborhood, which would link Ma'aleh Adumim with Jerusalem. Plans for this neighborhood have existed for years, but due to vehement opposition

by successive American governments, construction has never begun. Yishai was quoted as saying that Israel should make every effort to convince the U.S. to allow construction in E-1. However, he continued, "there is no doubt that the new American administration is different from its predecessor," and "if there is no other choice, Israel must build in all the settlement blocs, and in E-1, on the basis of previous American commitments." "Israel will do what it believes [is right]," he added. "This is an existential, essential, national, and security need." Knesset Speaker Reuven Rivlin (Likud) accompanied Yishai on his tour. HaQaretz also reported that yesterday FM Avigdor Lieberman (Yisrael Beiteinu) met with 29 visiting congressmen from the U.S. Democratic Party and told them the President's goal of presenting his own peace plan in the coming weeks was unrealistic. Any overly ambitious goal, such as trying to force an Israeli-Palestinian agreement by a predetermined date, will end in failure and even violence, he warned: The President should focus on interim steps, not deliver ultimatums. HaQaretz said that the aligned Rivlin-Yishai-Lieberman positions represent a serious internal opposition to PM Benjamin Netanyahu. Yediot and Maariv also commented that Lieberman and Yishai's statements constituted a rightwards turn in the Israeli government.

Leading media reported that yesterday PM Netanyahu called Egyptian President Hosni Mubarak to discuss the Gilad Shalit affair. Media reported that National Security Adviser Uzi Arad traveled to Cairo yesterday. Israel Radio reported that Netanyahu's diplomatic advisor Yitzhak Molco left for Cairo this morning. Media quoted Palestinian sources as saying that Haggai Hadas, Netanyahu's point man on Shalit's release, also went to Cairo. HaQaretz reported that yesterday Netanyahu refused to comment on reports in the Palestinian

press on progress in the negotiations over the release of Gilad Shalit. Netanyahu was quoted as saying that while the Shalit matter was a constant priority, he did not want to elaborate.

The Jerusalem Post reported that, in an interview with the newspaper yesterday, visiting U.S. House Majority leader Steny Hoyer praised PM Netanyahu, called for the PA to drop any preconditions to negotiations, and said that Congress differentiated between building in east Jerusalem and in the West Bank. Hoyer, currently in the country leading a delegation of 29 Democratic legislators, also said the rhetoric coming out of the Fatah General Assembly in Bethlehem was "unfortunate." The delegation is sponsored by the American Israel Education Foundation, a charitable organization affiliated with AIPAC.

Israel Radio quoted a Hizbullah official as saying that Israel will not attack the organization during the first year of President Obama's term.

Israel Radio reported on an apparent defeat of Fatah's old guard lost in favor of the middle generation (including Marwan Barghouti, Jibril Rajoub, and Muhammad Dahlan) in the elections to the movement's Central Committee. Official results will be made public tomorrow. The radio reported that some corrupt leaders still managed to get elected. Israel Radio quoted Dahlan as saying that he would allow no one to negotiate with Israel unless a deadline for peace talks is announced in advance.

Yediot and Israel Radio reported that yesterday 71 U.S. senators sent a letter to President Obama, demanding that he increase pressure on the Arab states to make normalization gestures towards Israel. "We also hope that you will continue to press Arab leaders to consider dramatic gestures toward Israel similar to those taken previously by brave leaders like King Hussein of Jordan and Anwar Sadat of Egypt," the senators wrote. The U.S. lawmakers also urged Arab leaders to end the Arab League boycott of Israel, meet openly with Israeli officials, boost trade relations with Israel, issue visas to Israeli citizens, and invite Israelis to take part in academic and professional conferences, as well as sporting events. Yediot also quoted them as writing: "We also believe that Arab states must immediately and permanently end official propaganda campaigns which demonize Israel and Jews."

HaQaretz reported that dozens of Islamic terrorists have entered Gaza over the past year and are operating there in the framework of extremist organizations identified with the "Worldwide Jihad." The

terrorists are Sunni Muslims, many of whom have taken part in the fighting against American forces in Iraq. So far, as much as is known, these terrorists have been involved in a relatively small number of attacks. The Jerusalem Post reported that residents of towns along the Gaza border have been instructed to remain vigilant in case Hamas tries to infiltrate the communities to carry out terrorist and kidnapping attacks. The warnings collected by Shin Bet focus mainly on terrorist threats along the security fence, as well as infiltrations into Gaza-belt communities.

While Israel Hayom reported that Jews and non-Jews in the Boston area praised the activity of Consul-General Nadav Tamir, The Jerusalem Post reported that Jewish Russian immigrants in the area demand the recall of the Israeli envoy over his memo critical of Netanyahu's policy vis-à-vis the U.S., but that mainstream Jewish groups support him.

The Jerusalem Post reported that yesterday Peace Now attacked DM Ehud Barak for attending a Torah dedication in the Muslim Quarter of the Old City of Jerusalem.

Maariv reported that yesterday the Foreign Ministry's appointments committee chose professional diplomat Daniel Nevo as Israel's next ambassador to Jordan.

Yediot reported that today President Shimon Peres will lay the cornerstone of the first Arab Qkibbutz in Israel Q QAlfanara (The Lighthouse) -- near Karmiel in the Galilee.

Maariv reported that the mother of Nafisa Banda, a 6-year-old girl who was run over and killed by an American Embassy vehicle in March this year, will be deported to Ghana, her native country.

The business daily Globes and Israel Radio reported that checks of Israel's offshore natural gas resources made by its managing company Noble Energy reveal that the gas reserves in the Tamar drilling site off the coast of Haifa -- 207 billion cubic meters, including 178 billion CM of Qproven reserve -- are 16% higher than the previous estimate. Gideon Tadmor, the CEO of Yitzhak Teshuva's Delek Energy, which holds the license to the drilling, told Globes that the quality of the gas is excellent and that the target date for streaming it into the Israeli economy is 2012.

Mideast:

Block Quotes:

I. "The Tango that Went Wrong"

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz (8/11): QThe Obama administration has suddenly reduced its pressure on us. What is going on? Very simply, it takes two to tango, and something has gone wrong with this math. While Israel has agreed to Qtwo states for two peoples, it is discovering that the other side has two governments for two peoples -- the Palestinians of Gaza and the Palestinians of the West Bank. So where does Israel fit into this rift between two states for the same people? A situation has emerged of two parallel lines that will never meet. If they try to solve the problem via elections, Hamas will win, and then the whole plan to weaken radical Islam in this neighborhood will collapse. But this impasse does not serve us, and it would be better for us to initiate a resumption of talks with Abbas alone, at the point at which they left off. Everything that is agreed on will be stored on the shelf, and will be brought back to the table on the day the Palestinian Authority subordinates Gaza to its rule again. For God's sake, don't let them miss yet another opportunity.

II. "Nasrallah Miscalculating?"

The conservative, independent Jerusalem Post editorialized (8/11): QThe more worrisome -- for now -- powder keg [besides Gaza] is along the border with Hizbullah-subjugated Lebanon.... Hizbullah seems intent on carrying out a mega-terror attack in Israel or the Diaspora ostensibly in retaliation for the 2008 liquidation in

Damascus of Imad Mughniyah, the group's principal terror-master.... It is hard to know whether Lebanese internal political developments are contributing to Hizbullah's jingoism. Lebanon elected a new parliament in June when Hizbullah supposedly suffered an electoral setback; yet the formation of a government is still far-off. The ever-mercurial Druze leader, Walid Jumblatt, has switched sides -- sort of -- from the Christian-Sunni March 14 Coalition to cast the fate of his people with the Shi'ites. In August 2006, Hassan Nasrallah admitted that had he appreciated the ferocity of Israel's response to Hizbullah's aggression, he would have never sent his men across the border. Now, with new weapons in-hand, Nasrallah may calculate that Israel will abjure hard-hitting retaliation, even for a mega-terror attack, in order to keep its population safe from reprisal bombardment in a third Lebanon war. It would be too bad for us all if Nasrallah's destiny was to keep making the same stupid mistake.

III. QIsraelQs Threats to Lebanon Only Boost Hizbullah

Senior Middle East affairs analyst Zvi Bar'el wrote in the Web site of Ha'aretz (www.haaretz.com) (8/11): QWhich Lebanon exactly does Prime Minister Benjamin Netanyahu hold responsible for every Hizbullah action? Two months following the elections, Lebanon still has no government.... Any Lebanese government would be compelled to stand behind Hizbullah in the event that civilian installations are attacked by Israel. The Syrian government, which has always been the address on which to assign responsibility, is behaving as if it is not involved in the domestic Lebanese arena to the point where it has even garnered praise from the U.S. and France. This time, Damascus can once again evade the brunt of responsibility.... There is widespread agreement in Lebanon that an extraordinary set of circumstances whereby Hizbullah executes a massive, high-casualty terrorist attack would leave Israel little alternative but to attack. Yet, in the present situation in which Hizbullah is carefully calculating its political moves in Lebanon, the assessment holds that it will choose to refrain from such an adventure. Hizbullah is now in a comfortable position in which Israel's threats bolster its arguments for continued armament as part of the Lebanese Qdefense alignment.Q The Shi'ite militia views itself as a legitimate partner to the Lebanese Army.

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